PROVINCE OF SASKATCHEWAN

07-08

ANNUAL REPORT

MINISTRY OF ENTERPRISE AND INNOVATION

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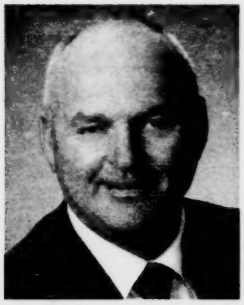


The Honourable Dr. Gordon L. Barnhart
Lieutenant Governor
Province of Saskatchewan

May it please Your Honour:

In November 2007, Saskatchewan people elected a new government, building on the values of economic growth and prosperity. Since November, government has been working diligently to reorganize its central economic development agency. The Ministry of Enterprise and Innovation has been identifying regulatory barriers that impede growth, and developing programs and policies to encourage the growth and expansion of the Saskatchewan economy.

We are committed to delivering on our commitments, and ensuring the economic momentum is sustained in both the short and the long term. There has already been significant progress in establishing this new agency, and work will continue throughout 2008-09.

I respectfully submit the Annual Report of Saskatchewan Enterprise and Innovation for the fiscal year ending March 31, 2008.

Lyle Stewart
Minister of Enterprise and Innovation

The Honourable Lyle Stewart
Minister of Enterprise and Innovation

Dear Sir:

I have the honour of submitting the Annual Report of Saskatchewan Enterprise and Innovation for the fiscal year ending March 31, 2008.

Dale Botting
Deputy Minister
Enterprise and Innovation

Introduction

Following the election in November 2007, the new government has established a bold, innovative approach to creating sustainable economic growth and prosperity through Enterprise Saskatchewan (ES). The Ministry of Enterprise and Innovation will soon operate on a different structure, while continuing as the lead agency responsible for economic development in the province.

In this fiscal year, there have already been significant achievements in establishing this new entity. Representatives from business, labour, Aboriginal people, rural and urban municipalities, post-secondary education institutions, co-operatives, the resource industry and agriculture were selected to serve as an ES Advisory Committee, to provide expertise and leadership in developing the province's long-term growth strategy. The ES Advisory Committee had its inaugural meeting on March 31.

This report will reflect the Ministry's organizational structure as of March 31, 2008. It will include the government's new commitments that have emerged since November 2007, and report the progress as of March 31, 2008 on those actions and commitments. Due to restructuring which followed the change in government, many of the key actions pertaining to development of the province's energy and mineral resources that were included in the former Department of Industry and Resources' annual report are now reported separately by the Ministry of Energy and Resources.

Ministry Overview

The Ministry of Enterprise and Innovation is the result of a structural change that followed the election of Saskatchewan's new government in November 2007. The Industry Development division of the former Department of Industry and Resources was separated from the divisions associated with oil and gas and mineral development, and was combined with the former Department of Regional Economic and Co-operative Development.

The Ministry of Enterprise and Innovation's mandate includes the responsibility to create and support Enterprise Saskatchewan as the central economic development agency of the Government of Saskatchewan. Through Enterprise Saskatchewan, the Ministry will identify regulatory barriers that impede growth and co-ordinate programs and policies to encourage the growth and expansion of the Saskatchewan economy. The Ministry also has a role to play in fostering innovation through the establishment of Innovation Saskatchewan, which will co-ordinate research and commercialization activities in the province.

The following are key services delivered by Enterprise and Innovation:

- Investment Programs – Provides financial assistance to businesses, economic development organizations, and research agencies to encourage economic growth in Saskatchewan. The Ministry also delivers federal/provincial economic initiatives.

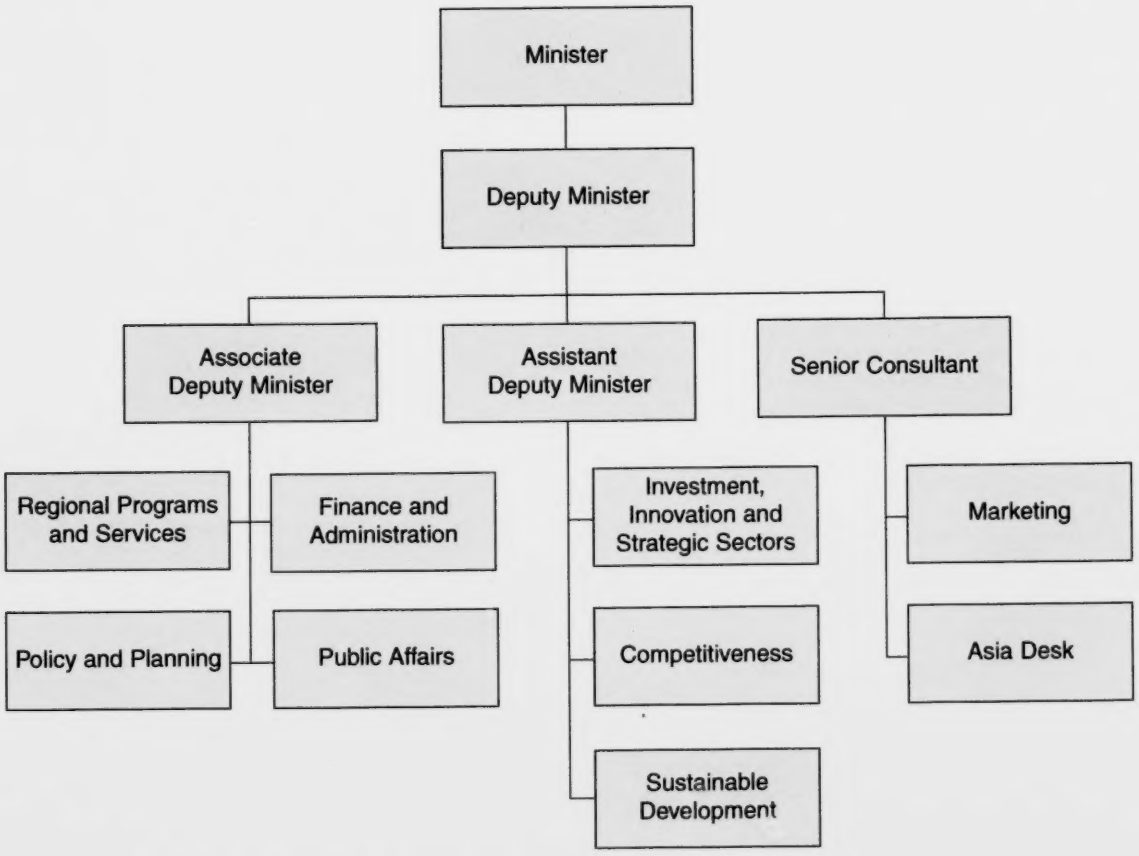
- Industry Development – Develops and implements policies, programs and services that support industry, sector, and business development.

- Marketing – Implements marketing strategies that promote Saskatchewan as a good place to do business. The Ministry also engages in sector-specific promotion activities such as tradeshows and advertising, and conducts out-of-province media relations activities.

- Regional Development – Develops and implements policies, programs and services that support economic development, including the establishment, retention and growth of businesses.

The Ministry employs 107.9 full-time equivalents in Regina, Saskatoon and eight regional offices across Saskatchewan.

Internal Organization as of March 31, 2008



Progress in 2007-08

The key actions originally presented in our 2007-08 Plan are provided below, organized by key program and followed by a report on actual progress for each. Actual results information is included for key actions and performance measures that were published in the 2007-08 Performance Plan, as well as for all commitments related to the Ministry of Enterprise and Innovation from the Minister's Mandate letter, the December 2007 Throne Speech and other key commitments during 2007-08 where significant progress has been achieved.

A New Government Direction – Growth, Security and Promises

This report provides results since the election of the new government in November of 2007 related to the new government's strategic priorities: growth, security, and promises as presented in the Minister's Mandate letter, the December Speech from the Throne, and other key government commitments.

Minister's Mandate Letter, November 2007

The Minister of Enterprise and Innovation was mandated to create Enterprise Saskatchewan (ES) as the central economic development agency of government, to be governed by a board comprised of economic stakeholders, including government, business, labour, Aboriginal people, municipalities, and post-secondary institutions, with responsibility for developing and implementing Saskatchewan's long-term growth strategy.

This letter can be found at www.gov.sk.ca/cabinet/stewart

Progress on Key Commitments

- Bill #2, *The Enterprise Saskatchewan Act,* received first reading on December 17, 2007.
- A representative and highly qualified group of individuals, chosen from over 300 nominations, was announced on February 29, 2008, as the Enterprise Saskatchewan Advisory Committee.
- The Enterprise Saskatchewan Advisory Committee members held their first meeting on March 31, 2008. After *The Enterprise Saskatchewan Act* is proclaimed, the Advisory Committee will become the Enterprise Saskatchewan board of directors.
- Workplans were developed to enable a smooth transition of Enterprise and Innovation Ministry staff, resources, and programs to Enterprise Saskatchewan.

Speech from the Throne, December 2007

On page four of the Throne Speech, the Minister of Enterprise and Innovation, through Enterprise Saskatchewan, was mandated to ensure Saskatchewan remains a competitive and attractive home for investment and job creation.

The Speech from the Throne can be found at www.gov.sk.ca/executive-council

Progress on Key Commitments

- In 2007, Saskatchewan led the country in growth in housing starts, building permits, and retail sales. Saskatchewan's unemployment rate reached a 25-year low of 4.2 per cent, and was second lowest in Canada.
- Sector Teams and Strategic Issues Councils reporting to the ES board will play an ongoing key role in maintaining Saskatchewan's position as a competitive location for investment and job creation by identifying barriers to growth and recommending solutions. Terms of reference for the various Sector Teams and Strategic Issues Councils have been drafted.

Progress by Key Program

Investment Attraction

The Ministry pursues investment attraction and business expansion leads in the strategic sectors of the economy. Over 200 opportunities for investment attraction and business expansion were responded to by the Ministry in the past year. Ministry officials worked with companies on plant layouts, labour force development, and eliminating business impediments to expansion.

Progress Made

The Ministry assisted with the following industry expansions:

- Doepker Industries purchased a $1.9 million facility in Moose Jaw and is planning a $5 million expansion with 75 jobs created;
- New Holland in Saskatoon completed a $3 million, 35,000 square foot expansion that will add 100 jobs;
- Bourgault Industries in St. Brieux completed a $3.5 million expansion of 36,000 square feet and will add 25 jobs;
- International Road Dynamics in Saskatoon invested in a $2.1 million expansion of 16,700 square feet and added 15 jobs;
- Seedhawk in Langbank made a $2 million expansion of 20,000 square feet and added 10 jobs; and,
- IPSCO in Regina invested $60.8 million in an expansion that added 30 jobs.

Asia-Pacific Desk

The Asia-Pacific Desk has two primary objectives: to facilitate investment from East Asia (Korea, Japan, China) to Saskatchewan, and to co-ordinate economic interests in the province that have material interests in East Asia. To achieve these objectives, the Asia-Pacific Desk works with private companies in Saskatchewan to support their investment needs through the following activities:

- Facilitating the visits of incoming investment delegations;
- Promoting investment opportunities through meetings in Korea, Japan, and China; and,
- Ensuring marketing materials pertinent to the Asia market are translated into the appropriate languages.

Progress Made

- In 2007-08, Asia-Pacific Desk officials assisted Saskatchewan businesses to identify opportunities and establish relationships with East Asian companies that led to approximately $100 million in East Asian investment in the province.

International Desk

The International Desk has five key responsibilities for expanding and strengthening Saskatchewan's international business and investment attraction efforts. To achieve this goal, the International Desk undertakes the following activities:

- Increasing collaboration with the Saskatchewan business and academic community;
- Co-ordinating/supporting co-operation between ministries;
- Enhancing Saskatchewan's voice in provincial and federal government deliberations;
- Generating international investment attraction leads;
- Supporting outgoing Saskatchewan trade missions; and,
- Co-ordinating incoming foreign business delegations.

Progress Made

- Twenty-five new international investment attraction leads were generated.
- If investment intentions proceed as announced, incoming international investment in Saskatchewan will have increased by nine per cent to over $2 billion during the fiscal year 2007-08.
- Two outgoing international Team Saskatchewan investment trade missions were organized (India and U.S.). Return delegations from India have led to the signing of several agreements, including a $1 million project with POS Pilot Plant, and U.S. legislative representatives have visited Saskatchewan to investigate clean energy innovations.
- Contacts with Canadian Embassies and Consulates in key markets have been strengthened. These networks help us to inform potential investors of Saskatchewan's economic growth and opportunities, and generate leads for Saskatchewan exporters.

Marketing

The Marketing Branch implements marketing strategies that promote Saskatchewan generally as a good place to do business, carries out sector-specific promotion activities such as tradeshows and advertising, produces promotional materials in various languages, and conducts out-of-province non-paid media relations activities.

Progress Made

- Awareness/Perception of Saskatchewan
  - Perception of Saskatchewan outside of the province has improved since 2005 on a wide range of indicators. Results from an independent review of 776 national media stories over a six-month period showed that positive stories about living, working, and investing in Saskatchewan increased by 30 per cent over 2006 levels and negative stories decreased by 50 per cent.
  - Polling of business leaders in Ontario, Alberta, and British Columbia has shown that the Innovative by Nature out-of-province business marketing campaign resulted in significant improvements in perception of Saskatchewan as a good place to do business. Forty-two per cent of respondents indicated that their interest in doing business in Saskatchewan improved as a result of having seen the advertising.
  - The polling results showed that national decision-makers are becoming more aware of Saskatchewan's economic growth and diversification in the past several years.
- Sector Promotion
  - In 2007-08, the Marketing Branch worked with other Ministry staff to develop and place 25 advertisements in sector-specific trade and business publications.
  - Attendance at the annual Biotechnology Industry Organization conference resulted in over 100 meetings for Saskatchewan participants. Approximately 25 business leads were pursued by Saskatchewan companies and organizations as a result.
- Non-Paid Media Relations
  - In 2007-08, the Ministry worked with U.S.-based consultants to attract international media attention. In 2007-08, non-paid media work generated 40 stories in U.S. and international media with advertising equivalency of $399,557. (Advertising equivalency refers to the cost of purchasing an advertisement of the same size within a given publication, or a news segment of the same length within a television or radio program.)

Measurement Results

Beginning in 2006, the Ministry has reported polling results for the percentage of national business decision-makers who hold a favourable view of the Saskatchewan economy.

	July 2006	July 2007
National business leaders with favourable view of Saskatchewan economy	25%	47%

- The 47 per cent result achieved in 2007 represents an 88 per cent improvement over 2006 in perceptions of the Saskatchewan economy among national business leaders.

Competitiveness

The Competitiveness Branch provides information in support of investment attraction and retention efforts, and completes competitiveness benchmarking and inter-jurisdictional comparisons to help design programs and policies that improve the provincial business climate. The Competitiveness Branch also co-ordinates the government-wide Regulatory and Service Enhancement Initiative (RSEI) and encourages client service-oriented business-friendly policies and practices throughout government.

Progress Made

- The Competitiveness Branch prepared major research papers recommending options for regulatory review and ways to modernize and streamline Saskatchewan's regulatory system. The Branch also researched and provided assessment of economic development models used in Canada and several other countries.

- The Branch provided pathfinding assistance and other information support in response to 143 inquiries from individuals and companies.

- The Branch assisted other federal/provincial/territorial partners in the development of draft recommendations to improve regulatory efficiency in the mining sector. Specific, practical, and readily applicable options were presented to the Energy and Mines Ministers Conference in September 2007. These recommendations aim at making the regulatory framework between all levels of government consistent, predictable, timely, and effective.

- The Branch prepared the RSEI annual public report for 2006-07, which identifies actions ministries took to improve customer service and make it easier for business to do business.

Measurement Results

The Competitiveness Branch co-ordinates the participation of four Saskatchewan cities (Saskatoon, Regina, Moose Jaw, and Prince Albert) in the KPMG *Competitive Alternatives* study. The study provides an international benchmark index of business operating costs for a wide range of industries. Enterprise and Innovation has indirect influence over the relative competitiveness of the province through policy analysis and recommended policy changes that would impact this competitiveness index.

KPMG Overall Cost Comparison			
	2002	2006	2008
U.S. Index	100.0	100.0	100.0
Saskatchewan Four-City Average	84.3	92.0	95.6
Canadian Average	85.5	94.5	99.4
Exchange Rate	1.546	1.1735	1.00

- According to the 2008 edition of *Competitive Alternatives*, the four participating Saskatchewan cities improved their cost-competitiveness relative to the Canadian average. Saskatoon ranked third overall for lowest business costs among featured cities in the North American Midwest. However, Canada as a whole declined in competitiveness because of the rising Canadian dollar, and is now on par with the U.S. overall.

BizPaL

BizPaL is an easy-to-use interactive website developed through a collaborative effort of federal, provincial, and municipal governments. The website helps clients quickly identify permits, licences, registrations, and approvals required by all three levels of government for user-defined business activities. BizPaL helps entrepreneurs save time when starting or expanding a business, and helps them to comply with regulatory requirements.

Progress Made

- Expansion
  - The number of business types available on BizPaL reached 294, more than doubling the previous year's mark of 141. The mineral exploration sector was launched in December 2007.
  - Almost 60 per cent of Saskatchewan's population is now served by BizPaL, which doubles the population covered last year.
  - Thirty-four communities including 10 cities are on-line, up from six the previous year.
- Usage
  - The BizPaL site, www.ei.gov.sk.ca/bizpal, received an average of over 600 visitors per month.

Industrial and Regional Benefits

The Industrial and Regional Benefits (IRB) Policy provides the framework for using federal defence procurement to lever long-term industrial and regional development within Canada. Under the IRB Policy, winning contractors are required to make investments in advanced technology sectors of the Canadian economy in an amount equal to the contract value. The Ministry actively seeks opportunities for Saskatchewan manufacturers, research facilities, and training institutions under Canada's IRB Policy.

Progress Made

The following investments were received this year as a result of the federal IRB Policy:

- Lockheed Martin has set aside $1.5 million for Saskatchewan Indian Institute of Technologies' Aircraft Maintenance Engineering program. Rockwell Collins gave an additional $300,000 to the project;
- The University of Regina received $200,000 from Rockwell Collins to provide training courses on lean manufacturing techniques to faculty members;
- Scientific Instrumentation Limited received a $2 million manufacturing contract for work on the biosensor project with General Dynamics Canada; and,
- SED Systems was awarded a contract from Boeing for satellite ground station support and tracking.

Oil Sands Development

The Ministry is developing a strategy to capitalize on the growing market opportunity presented by Alberta's oil sands for Saskatchewan companies in the value-added manufacturing, processing, and service sectors.

Progress Made

- Organized the Saskatchewan showcase area at the National Buyer/Seller Forum in Edmonton with 10 Saskatchewan manufacturers having booths and 30 registered guests from our province at the show. This was Saskatchewan's largest delegation to date, and was an increase in participation of 25 per cent.
- Organized and held a successful Oil Sands 101 seminar about supplier opportunities to the oil sands in Alberta. Fifty Saskatchewan-based manufacturing business participants attended the seminar.

Productivity

The Ministry works with Saskatchewan-based companies to encourage adoption of both product and process innovations. A strong Canadian dollar coupled with labour supply shortages is pushing Saskatchewan companies to achieve productivity gains in order to maintain existing levels of production.

Progress Made

- In partnership with the Canadian Manufacturers and Exporters (CME), the Ministry worked to develop a concept and proposal for an Advanced Manufacturing Centre in Saskatchewan that would be spearheaded by the CME. The Ministry also worked with the CME to bring over 10 different training events on process improvement principles to the province. Over 200 people and 50 different businesses attended this training in the past year.

- The Ministry worked with Statistics Canada to increase the number of Saskatchewan manufacturers included in the Survey of Advanced Technology. Ministry sponsorship of the study will provide a higher level of detail for Saskatchewan that will be used to identify and find solutions to issues affecting Saskatchewan's manufacturing productivity.

Labour Force Development

The Ministry works with secondary and post-secondary educational institutions and the Ministry of Advanced Education, Employment and Labour to find ways to foster the development of a skilled workforce that meets the needs of Saskatchewan industry.

Progress Made

- Helped to establish a youth apprenticeship program at Mount Royal Collegiate in machining, welding, and electronics that allows students to accumulate hours towards their journeyperson's status.

- Sponsored a project with Mount Royal Collegiate to bring awareness of potential career opportunities in manufacturing and construction to high school students and their counsellors. Held the first ever roundtable discussions between Mount Royal Collegiate and businesses involved in manufacturing and construction sectors.

- Partnered with the Saskatoon and District Industry Education Council to increase the participation of manufacturers in their Summer Youth Internship program. Over 10 different manufacturers are involved in the program. The Ministry also worked to profile manufacturing careers and encourage the manufacturing sector to become involved in the Future Paths project.

- Worked with the Saskatchewan Indian Institute of Technologies (SIIT) to develop a diversity training program for employers and employees in the manufacturing sector who are taking part in the SIIT Welder Training Initiative.

Saskatchewan Market Assessment of Research and Technology (SMART) Program

The SMART program is a collaborative effort between the federal and provincial governments. The program enables small- and medium-sized enterprises to acquire market planning, research, or development assistance. Through completion of the program, a firm receives funding to assist in hiring a consultant to conduct a professional market or technology assessment on a product, process, or technology. The yearly contribution for these projects comes from a shared commitment of $75,000 each from the National Research Council – Industrial Research Assistance Program and the Ministry of Enterprise and Innovation. The Saskatchewan Advanced Technology Association administers the SMART program.

Progress Made

- In 2007-08, the SMART program funded 10 projects, representing a total Ministry expenditure of $70,542.

- To date, the SMART program has approved 37 projects. Two-thirds of the companies assisted between 2003 and 2007 report that the program has had a positive impact on their growth.

Life Sciences Strategy

The Ministry co-funded a Conference Board of Canada report entitled *Building Saskatchewan's Bio-Economy: A Life Sciences Strategy.* The strategy is designed to bring focus, build critical mass, and help the province grow a sustainable bio-economy to compete internationally. The study involved consultation with provincial stakeholders who detailed their competitive advantages, as well as problems to be addressed if Saskatchewan is to continue leading the Canadian bio-economy.

Progress Made

- *Building Saskatchewan's Bio-Economy: A Life Sciences Strategy* was released in May 2007.
    - The report indicates that Saskatchewan can become a national and global leader in the life sciences sector by focusing on bioproducts, biofuels, nutrition, health, and wellness. The report also recommends that Saskatchewan should capitalize on its strengths in immunology and vaccines, and contract research services.

Co-operative Development

The Ministry works to promote and support the use of co-operative structures, principles and business practices to strengthen and enhance the province's economy and society. Activities focused on building a positive working relationship with co-operative organizations, promoting and supporting co-operative development, developing resource material on co-operative issues and providing advice on issues related to co-operative legislation and regulations.

Progress Made

- A Co-operative Work Plan was established to help the Ministry's regional offices and other partners accomplish the program's mandate.
- Six co-operatives received combined funding of $31,000 under the Co-operative Development Assistance Program to support organizational and business development.
- The Co-operative Advisory Council completed its work on a strategic plan, which focused on three areas:
    - Increasing co-operative development capacity within government, the co-operative sector and other partners;
    - Increasing public awareness of the co-operative model; and,
    - Providing proactive support for the promotion and development of co-operatives in the area of home and health care services.
- Provided $75,000 to the Centre for the Study of Co-operatives under a five-year agreement (2004 to 2009) with the co-operative sector and the University of Saskatchewan. The Centre is an international leader in research and education in the area of co-operative development and the social economy.
- In partnership with Saskatchewan Co-operative Association, sponsored the Saskatchewan Co-operative Merit Awards held during Co-op Week in October 2007. Five individuals received awards, including two individuals who were recipients of the first-ever Co-operative Youth Award.

Regional Economic Development Authorities (REDAs)

The Ministry provides funding and support to 27 REDAs in the province. REDAs access grant funding, based on matching dollars, to provide economic development services in their regions. The REDA Enhancement Fund (REF) provides further funding on a project proposal basis for special development projects undertaken by REDAs. Projects include opportunity identification, pre-feasibility and feasibility studies, and development of business and marketing plans, for a wide variety of community-owned projects.

Progress Made

- REDAs were actively involved in more than 200 business and economic development projects and initiatives in 2007-08. Since 2003-04, similar projects and initiatives have yielded capital investments totalling more than $180 million and contributing to the creation and maintenance of more than 860 jobs.
- In 2007-08, REF funding was increased from $300,000 to $400,000 to further support development activity.
- In 2007-08, 25 projects and initiatives were approved for REF funding. Since 1998-99, REF funding has leveraged investment of more than $5.5 million for 237 projects in Saskatchewan, and has realized capital investment to date of more than $89 million in these projects. These projects have created 468 jobs and maintained more than 226 jobs. Projections are for these numbers to increase over the life of the projects.
- The REDA Working Group, established in 2005 to advise the government on enhancements to the REDA program, concluded its work and made 21 recommendations to the Ministry.

REDA Youth Employment Program

The REDA Youth Employment Program provides senior business students or recent business graduates with employment and mentoring opportunities and assists REDAs with their business development activities. Under the program, REDAs can receive funding to hire a youth under 35 years of age for a period of no longer than two years. In 2007-08, a pilot initiative was introduced to enhance the Youth Employment Program by offering an apprenticeship program in partnership with the Saskatchewan Economic Development Association. As part of the apprenticeship program, youth will receive training towards an Economic Developer Certification.

Progress Made

- Twelve youth were hired by the REDAs in 2007-08.
- Forty-three per cent of past participants have secured full-time positions in an economic development field.

Canada-Saskatchewan Business Service Centre (CSBSC)

CSBSC is a partnership between the Governments of Canada and Saskatchewan to provide information and referrals on government programs, services, and activities to new and existing businesses, including an extensive database and website. Saskatchewan's main CSBSC site is located at the Saskatoon Region Enterprise Centre, which is managed by the Ministry. There are also 16 Regional Access Partners across Saskatchewan.

Progress Made

- Staff responded to 14,056 direct client inquiries and requests, and 1,224 inquiries associated with trade shows and tours. The Ministry's Regional Office/Enterprise Centre Network fielded an additional 10,839 requests for assistance.
- Information and assistance through the CSBSC website was provided to 412,528 clients.
- The Guest Advisor program was utilized by 340 clients for free consultation sessions with legal, accounting, and business consulting professionals.
- Video conference training for entrepreneurs was attended by 280 individuals in 35 sessions.
- Forty-eight presentations, with a total of 381 participants, were held for Business Immigrant Nominees under the Saskatchewan Immigrant Nominee Program.
- Forty-eight business development workshops involving 147 participants were presented on behalf of the Aboriginal Business Service Network.

SaskBiz

The SaskBiz website provides interactive information tools for supporting investment attraction, site selection, and business and community economic development in Saskatchewan. It includes community and regional profiles to help investors decide where to locate facilities or expand their markets.

Progress Made

- The website at www.saskbiz.ca received over 3.5 million hits and 150,000 visits during the year.
- The average length of each visit was 8:33 minutes.

Neighbourhood Development Organizations (NDOs)

NDOs are voluntary, non-government entities that were established for the purpose of reducing inner-city poverty. Through the actions of residents in these low-income neighbourhoods, NDOs provide a comprehensive response to community needs for social and economic security by working in partnership with municipalities, government institutions, and other community agencies. There are three NDOs in the province (Quint Development Corporation, Saskatoon; Connecting as Neighbours Co-operative, Moose Jaw; and River Bank Development Corporation, Prince Albert).

The majority of initiatives undertaken by NDOs are in the areas of housing, training, and employment.

Progress Made

- Housing co-operatives helped 167 families find homes.
- Eighty-four affordable housing units were created.
- Over 1,000 people have been assisted to find work or receive additional training.

The Neighbourhood Development Organization Program was transferred to the Ministry of Social Services for the 2008-09 fiscal year.

Action Committee on the Rural Economy (ACRE)

ACRE was an appointed advisory board of rural stakeholders that has played an important role in providing guidance to the provincial government in the evaluation and development of legislation, regulation, and policy related to rural economic development. Within an expanded mandate, ACRE also monitored the province's progress in implementing the recommendations that it put forward.

Progress Made

- Two new ACRE subcommittees, focused on defining and enhancing community and developing small business and entrepreneurship, presented 23 new recommendations to the provincial government on March 27, 2008.
- ACRE completed its mandate on March 31, 2008.

Biofuels

Saskatchewan is a national leader in sustainable development of the ethanol industry. In an effort to capture the opportunity that it represents for Saskatchewan, the Ministry worked with ethanol proponents, communities, the Saskatchewan Biofuels Development Council, other government ministries, and stakeholders in developing a strategic plan for the future of the biofuels industry.

Progress Made

- The Government of Saskatchewan provided $75,000 in funding to the Saskatchewan Biofuels Development Council to help promote the continued growth of a sustainable biofuels industry in Saskatchewan.
- The Saskatchewan Biofuels Investment Opportunity Program was launched as a four-year, $80 million program to provide assistance for the construction or expansion of transportation biofuels facilities in Saskatchewan. Two conditional approvals for a combined total of $12.5 million were provided under the program.

Ethanol Fuel Grant Program

The Ethanol Fuel Grant Program is intended to promote the development of the ethanol industry in Saskatchewan by encouraging smaller ethanol production facilities and complementary industries (such as feedlot operations), addressing production cost differentials associated with blending ethanol with gasoline, and promoting the retail usage of ethanol-blended fuels.

Progress Made

- A total of $20.9 million was provided to six ethanol distributors during the 2007-08 fiscal year. This represents ethanol production of approximately 140 million litres.

Sustainable Development

The Sustainable Development Branch led stewardship planning activities within the Ministry and advanced a sustainable development agenda within government. The Branch monitored and co-ordinated the progress of the Ministry's activities within the province's Green Strategy, participated in Green Initiatives Fund activities, and administered the application, review, and approval of projects under the Green Technology Commercialization Grant. The Branch oversaw the provincial ethanol mandate, provided input in the province's developing biofuels industry, and represented provincial interests in the national renewable fuel standard.

Progress Made

- The Branch established an intra-ministerial stewardship committee and chaired two meetings during the fiscal year.
- The Branch developed the policy framework for the Green Technology Commercialization Grant which had access to a $1 million fund.
- The Branch established the policy and delivery parameters for the $21 million Ethanol Fuel Tax Rebate Program.
- The Branch led an intra-ministerial review of the ethanol fuel grant and made recommendations respecting its modification.
- The Branch expanded the provincial biofuels discussion to include other fuel types like E85 and bio-diesel.

Green Technology Commercialization Grant (GTCG)

The Ministry administered the GTCG program as one of three funds delivered under the Ministry of Environment's Green Initiatives Fund. With a budget of $1 million for 2007-08, the GTCG provided funding to Saskatchewan small- and medium-sized businesses to help them commercialize green technologies offering benefits to both the natural environment and the provincial economy.

Progress Made

- A total of 42 pre-qualification applications requesting a combined total of $7 million were received and reviewed by the GTCG Review Committee.
- Eleven pre-qualification applications (total funding request of $1.2 million) were approved by the Review Committee and moved to the detailed application stage.
- Three detailed applications (total funding of $243,000) were approved by the Review Committee and recommended to the Assistant Deputy Ministers' Oversight Committee for final approval. Of these three projects, two have been formally approved by the Minister of Environment and Cabinet, and initial payments have been made.

Small Business Loans Association (SBLA) Program

The SBLA Program encourages diversification of the Saskatchewan economy and supports community economic development. SBLAs are community-run organizations that provide funding to entrepreneurs that have difficulty accessing financing through traditional means. SBLAs can access interest-free revolving lines of credit of up to $200,000 to make loans of up to $15,000 to individual businesses. The program is promoted by profiling success stories at public events and trade shows, in Success Stories magazine, and on the Ministry website [www.ei.gov.sk.ca/SBLA].

Progress Made

- A total of 236 SBLAs are active in the province. More than 90 per cent of program activity takes place outside of Regina and Saskatoon.
- In 2007-08, the SBLA Program provided more than $4.1 million in loan funding to 365 new and existing businesses. This led to the creation of 600 new jobs, and the maintenance of 648 existing jobs.

Youth Opportunities Unleashed (YOU) Program

The YOU initiative was launched in June 2004 as an enhancement to the SBLA Program, and targets young entrepreneurs, aged 18 to 34. YOU supplements the funding available under the SBLA Program with entrepreneurship training, and directs young entrepreneurs to services provided by partner organizations such as the Business Mentorship Institute (BMI). In June 2007, the Ministry signed a Memorandum of Understanding with the Canadian Youth Business Foundation and BMI to enhance available funding for young entrepreneurs and to support training and mentorship initiatives.

Progress Made

- A total of 119 loans for $1.6 million were made in 2007-08. YOU has assisted young entrepreneurs in 373 businesses during the program's four-year history. Program participants have qualified to receive SBLA loans totalling over $4.6 million.

Measurement Results

Small Business Loans Association Program

	2003-04	2004-05	2005-06	2006-07	2007-08
Total Number of Loans	487	577	477	378	365
Total Dollar Amount	$3,430,903	$5,056,518	$4,861,950	$4,041,431	$4,140,502
Number of Jobs Created	552	566	513	575	600
Number of Jobs Maintained	581	1,008	763	797	648

Strategic Investment Fund (SIF)

The SIF is used to support initiatives of strategic importance to the province such as research capacity and the development of innovative products and processes.

Progress Made

- The Ministry provided 10 investments through the SIF in 2007-08, for a total of approximately $5.4 million.

Western Economic Partnership Agreement (WEPA)

WEPA focuses on increasing the competitiveness and productivity of the Saskatchewan economy and continues the strong federal/provincial partnership that is helping Saskatchewan strengthen its key sectors. WEPA funding supports projects that provide businesses with additional tools to succeed in the knowledge-driven global marketplace. Examples include the Meadow Lake Tribal Council Oil and Gas Secretariat, SpringBoard West Innovations Inc. at the University of Regina, and others.

Progress Made

- Twenty-one projects totalling $4.3 million were funded through WEPA in 2007-08.
- The Ministry has been responsible for 41 WEPA initiatives in total, providing $25 million in funding which has leveraged $66 million from other sources.

Invest in Saskatchewan Program

The Invest in Saskatchewan Program issues tax credits to encourage Saskatchewan residents to invest in funds or pools of capital called Labour-sponsored Venture Capital Corporations (LSVCCs). LSVCCs invest in Saskatchewan-based small- and medium-sized businesses. These investments assist job creation/maintenance and provide a greater sense of control for employee groups, labour associations, and other worker groups. All funds must meet investment pacing guidelines and other criteria in order to maintain their status as an eligible LSVCC. Employee funds encourage investment by employees in the firms that employ them; broad-based pool funds are sponsored by labour associations, and are invested in small- and medium-sized businesses to strengthen the provincial economy through provision of venture capital.

Progress Made

- Employee Funds
  - Five employee funds raised $627,293 in 2007-08.
- Provincial Pool Funds
  - A total of $48.2 million was raised from 14,933 investors.
  - Sixty-five investments totalling $49.3 million were made in 27 eligible companies.
- National Pool Funds
  - Two hundred and forty-six investors contributed $470,517.
  - One investment totalling $2.6 million was made.

Saskatchewan Made Program

The Saskatchewan Made Program assists Saskatchewan manufacturers in identifying their products as "Saskatchewan Made." Programming promotes the province's products and expertise by profiling products that are produced from materials made or grown in Saskatchewan.

Progress Made

- More than 280 manufacturers are listed under the program.

The Saskatchewan Made Program was cancelled effective March 31, 2008.

Saskatchewan Trade and Export Partnership (STEP)

The Ministry provides operating funding of $2.881 million annually to STEP in order to enhance the trade and export of goods, services, and technology from Saskatchewan. The current funding agreement will expire on October 31, 2009.

Progress Made

- In the 2007-08 fiscal year, STEP provided over 2,600 qualified trade leads to its members, completed over 300 market intelligence reports, helped 382 member companies enter new markets, and moved 374 member companies further into markets in which they were already doing business.

- STEP members reported a 56 per cent growth in export sales over the past year.

2007-08 Financial Overview

The Ministry's 2007-08 original expenditure budget (appropriation) was $12.113 million. On November 21, 2007, there was a government re-organization resulting in the transfer of programs from the former Department of Industry and Resources to the Ministry of Enterprise and Innovation. Therefore, the total 2007-08 budget (appropriation) was $52.683 million.

In December 2007, the Legislature approved an additional $4.764 million through Supplementary Estimates for the following expenditures:

- SaskBio Program implementation costs; and,
- one-time funding commitments under the Strategic Investment Fund.

The 2007-08 actual expenses were $54.040 million with a variance of $1.330 million above the approved expense budget. Expense results by subvote and program area are summarized in subsequent pages of the annual report. Detailed payee information will be published in Volume 2 of the 2007-08 Public Accounts.

The revenue budget in 2007-08 was $444,000. Due to the transfer of programs from the former Industry and Resources, the revenue budget was increased by an additional $102,000 resulting in a total 2007-08 revenue budget for the Ministry of Enterprise and Innovation of $546,000. Actual revenue was $0.585 million, a variance of $39,000 over budget. Revenue results are summarized in subsequent pages of the annual report.

The Ministry's actual full-time equivalent (FTE) utilization in 2007-08 was 118.9 compared to a budget of 107.9. The variance of 11.0 FTEs is attributed to additional staff required to support program delivery.

Expenditures

Schedule of Expenses

Expenses	2007-08 Estimate	2007-08 Actual	Variance Over/ (Under)	Notes
	in thousands of dollars			
Central Management and Services (RD01)	**$ 2,371**	**$ 2,590**	**$ 219**	1
Policy and Planning (RD02)	**$ 720**	**$ 927**	**$ 207**	2
Investment Programs (RD03)				
Regional Economic Development Authorities	$ 2,718	$ 2,768	$ 50	
Small Business Loans Associations - Concessionary Allowance	466	321	(145)	3
Small Business Loans Associations - Loan Loss Provision	667	342	(325)	4
Neighbourhood Development Organizations	550	410	(140)	5
Subtotal	**$ 4,401**	**$ 3,841**	**$ (560)**	
Investment Programs (IR07)*				
Economic Partnership Agreements	$ 5,080	$ 4,316	$ (764)	6
Petroleum Research Initiative	1,000	1,000	–	
Strategic Investment Fund*	3,740	5,376	1,636	7
Technology Commercialization	75	71	(4)	
Ethanol Fuel Tax Grants	21,000	20,867	(133)	8
Subtotal	**$ 30,895**	**$ 31,630**	**$ 735**	
Industry Development (RD03)				
Regional Development	$ 2,701	$ 2,873	$ 172	9
Special Projects and Investment Services	659	698	39	
Subtotal	**$ 3,360**	**$ 3,571**	**$ 211**	
Industry Development (IR03)*				
Forestry Development	$ 419	$ 115	$ (304)	10
Business Development	2,858	4,107	1,249	11
Marketing	4,094	3,668	(426)	12
Subtotal	**$ 7,371**	**$ 7,890**	**$ 519**	
Co-operatives (RD05)	**$ 684**	**$ 683**	**$ (1)**	
Saskatchewan Trade & Export Partnership Inc.	**$ 2,881**	**$ 2,881**	**$ –**	
Budget Appropriation	**$ 52,683**	**$ 54,013**	**$ 1,330**	
Supplementary Estimates	**4,764**	**–**	**(4,764)**	13
Total Appropriation	**$ 57,447**	**$ 54,013**	**$ (3,434)**	
Capital Asset Acquisitions	–	–	–	
Capital Asset Amortization	27	27	–	
Total Expenses	**$ 57,474**	**$ 54,040**	**$ (3,434)**	
Total Revised Estimates and Expenses	**$ 57,474**	**$ 54,040**	**$ (3,434)**	
Total FTEs Staff Complement	**107.9**	**118.9**	**11.0**	14

* Denotes those program areas that were transferred from the former Department of Industry and Resources as a result of the government reorganization.

These financial schedules have been prepared in accordance with the government's accrual accounting policies.

Financial Schedules – Notes

Explanations of variances which exceed $100,000 between Estimates and Actuals.

1 Expenses were higher than budget due to salary pressures.

2 SaskBio Program start-up costs partially offset by ACRE savings.

3 The imputed interest expense is lower due to a reduced number of loans funded along with interest rate reductions.

4 The allowance for uncollectable Small Business Loans Association loan accounts receivable is lower due to reduced number of loans funded.

5 Savings due to wind-down of the Regina Neighbourhood Development Organization.

6 The program is in its final year of a five-year term. In 2007-08, savings of $764,000 were realized when some projects were delayed, deferred or capitalized.

7 Supplementary Estimates expenses relating to program pressures under the Strategic Investment Fund.

8 Ethanol production less than anticipated.

9 Operating expenses were higher than budget due to salary pressures and small cost over-runs on regional initiatives.

10 Operating expenses were lower than budget due to planned savings to offset pressures in other areas.

11 Expenses were higher than budget due to legal expenses and salary pressures.

12 Reduced operating and marketing costs.

13 Supplementary Estimates increase the Province's overall budget and are disclosed in the Public Accounts as an increase in the appropriations.

14 The increase in the Ministry's FTEs are attributed to additional staff required to support program delivery.

Revenues

The Ministry reports revenue from the Small Business Loans Association Program related to application fees submitted by loan applicants, imputed interest revenue based on the amount of loan funds provided to clients each fiscal year, reimbursement of unexpended Regional Economic Development Authority funding, deferred interest and other miscellaneous revenue. All revenue is deposited in the General Revenue Fund.

Below is a summary of the Enterprise and Innovations' 2007-08 budgeted revenue compared to actual revenue.

	in thousands of dollars			
	2007-08 Estimate	**2007-08 Actual**	**Variance Over/ (Under)**	**Notes**
Revenue				
Other Interest Revenue	$ 397	$ 377	$ (20)	
Sales, Services and Service Fees	30	24	(6)	
Other Revenue	17	67	50	1
Other Revenue*	102	117	15	
Total Revenue	**$ 546**	**$ 585**	**$ 39**	

* Denotes those program areas that were transferred from the former Department of Industry and Resources as a result of the government reorganization.

Financial Schedules – Notes

Explanations of variances which exceed $25,000 between Estimates and Actuals.

1 Revenue is higher than budget due to a reimbursement of $54,000 from Western Economic Diversification under the CanSask Business Service Centre Partnership Agreement.

Third Party Funding

Third Party Funding (Transfers)	Amount ($ Thousands)	Description
Neighbourhood Development Organizations (NDOs)	$ 410	NDOs deliver services in inner-city neighbourhoods to build community and resident capacity in the areas of housing, training, and employment.
Regional Economic Development Authorities (REDAs) and Organizations	$ 2,768	REDAs provide local administration and support services for regional economic development activities.
Small Business Loans Associations (SBLAs)	$ 321	SBLAs are community-run organizations that provide loans of up to $15,000 to entrepreneurs that have difficulty finding financing through traditional means.
Industry Development*	$ 636	Funding and sponsorships to support various economic development initiatives.
Economic Partnership Agreements*	$ 4,316	Federal/provincial agreement to help build the province's capacity for economic development and growth through innovation.
Petroleum Research Initiative*	$ 1,000	Provides program core funding to the Petroleum Technology Research Centre to undertake research relevant to the petroleum sector in Saskatchewan.
Strategic Investment Fund*	$ 5,276	Provides support to the research capacity in the province and the development of innovative products and processes.
Ethanol Fuel Tax Grants*	$ 20,867	Funding to support the development of an ethanol industry in the province.
Saskatchewan Co-operatives	$ 150	Funding to help co-operatives assess their viability and develop business and organizational structures.
Saskatchewan Trade and Export Partnership Inc. (STEP)*	$ 2,881	Supports the international and domestic marketing activities of its members and clients for the benefit of Saskatchewan.
Other Third Party Funding	$ 125	
Total	**$ 38,750**	

* Denotes those program areas that were transferred from the former Department of Industry and Resources during the government re-organization.

For More Information

This report provides information about our accomplishments and our future plans. If you have any questions or comments, or would like additional copies of the report, we invite you to call (306) 787-6315.

Or contact:

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Or send us an e-mail through our website:
www.ei.gov.sk.ca

Visit our website to find out about:

- 2008-09 Provincial Budget documents
- Enterprise Saskatchewan

Appendices

Loans and Guaranteed Debt

Vanguard Loan Guarantee*

In 2005, the Province provided a five-year $1.25 million loan guarantee to the Battlefords Credit Union Limited (BCUL) to enable a loan agreement between BCUL and Vanguard Inc.

Vanguard Inc. agrees to retain manufacturing operations in North Battleford while the guarantee remains in effect and to proceed with a planned plant expansion.

in thousands of dollars	**Budget**	**Actual**	**Variance Over/ (Under)**
Beginning Balance	$1,250	$1,250	$0
Additions	0	0	0
Reductions	0	0	0
Ending Balance	**$1,250**	**$1,250**	**$0**

HudBay Minerals Inc.*

In 1991, the province provided Hudson Bay Mining and Smelting Company Limited (HBMS) with an interest-free, $7.8 million advance to help finance a $178 million plant expansion and environmental refitting. The federal government also provided an interest-free loan of $25 million; the Bank of Nova Scotia provided an $80 million loan and the Government of Manitoba $47.2 million. Final payment on the loan is due in June 2008.

HBMS was sold to Ontzinc Corporation, and the operations have continued under the new name HudBay Minerals Inc.

in thousands of dollars	**Budget**	**Actual**	**Variance Over/ (Under)**
Beginning Balance	$1,459	$1,459	$0
Additions	102	102	0
Reductions	(567)	(567)	0
Ending Balance	**$ 994**	**$ 994**	**$0**

* Denotes those items that were transferred to the Ministry of Enterprise and Innovation from the Ministry of Energy and Resources during the government re-organization.